

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 03 GUATEMALA 000770

SIPDIS

E.O. 12958: DECL: 03/24/2013

TAGS: [PREL](#) [ELAB](#) [PGOV](#) [KTIA](#) [MARR](#) [SNAR](#) [KDEM](#) [PHUM](#) [EFIN](#) [ETRD](#) [CU](#) [IR](#) [GT](#)

SUBJECT: MEETING WITH PRESIDENT PORTILLO

REF: A) STATE 66351 B) GUATEMALA 0735

Classified By: AMBASSADOR JOHN R. HAMILTON FOR REASON 1.5 (b)

11. (C) Summary: Over dinner at the residence March 22, President Portillo acknowledged that Guatemala ought to support a UNHCR resolution on Cuba but said he has a problem with General Rios Montt's resentment over U.S. opposition to his presidential candidacy. Portillo said Guatemala agreed with us that Iraq should stay in the UNSC. He promised to look into allegations reported by MINUGUA that a recent drug bust was facilitated by illegal detentions and torture, as the Ambassador warned him that such methods are totally unacceptable. He also pledged greater protection of labor rights, particularly in areas highlighted by the AFL-CIO GSP petition. On his agenda: neutralizing perceived USG opposition to a controversial bond issue and venting over last October's congressional testimony that "did me irreparable harm." End Summary

12. (C) The Ambassador reciprocated March 22 Portillo's February 25 dinner for the Ambassador. Like that dinner, this was a one-on-one that got down immediately to discussion of a (mostly) pre-agreed agenda.

Iraq

13. (C) Portillo said he had been watching CNN all day and agreed with the Ambassador's observation that U.S. forces were taking extraordinary precautions to minimize loss of life and damage to infrastructure. He did not commit to coming any further toward support of our position in public but did agree that the UNSC is the appropriate venue for any further UN consideration of the issue.

Cuba

14. (C) Portillo said he completely agreed with the Ambassador that Castro has again showed his true colors in the arrests of the last week and mustered a seemingly genuine show of indignation. To the Ambassador's observation that surely, after this, Guatemala would vote in favor of a resolution, Portillo acknowledged that a yes vote is in order. After passing allusion to the views of FonMin Gutierrez (old line leftist reluctance to fall in with the U.S. to condemn Castro), however, Portillo said his main problem is with General Rios Montt, who resents U.S. opposition to his presidential ambitions. The Ambassador again reviewed our position on this (up to the FRG and the Guatemalan constitutional court to decide whether Rios Montt runs but, as President, Rios Montt could not expect warm relations with the U.S.) Portillo said he finds the U.S. position understandable and realistic and said he tried to make the General understand it but that Rios Montt is angry and the subject pops up whenever the Cuba resolution is raised. The Ambassador was loaded for bear to refute the Guatemalan claim (made by FonMin Gutierrez during the visit of Cuban FonMin Perez Roque) that Cuban doctors here have achieved a "70 percent reduction in infant mortality" but with Portillo candidly admitting that Rios Montt is the problem, the subject did not come up.

Narcotics Certification

15. (C) The Ambassador went over re-certification criteria in detail with Portillo and gave him copy of the diplomatic note, drawn from ref a, that explains the entire process and sets forth the general and specific criteria. Portillo made a pitch for funds to repair Guatemalan helos. The Ambassador pointed him instead to quick adoption of asset forfeiture legislation, saying aid to the military would violate the spirit of U.S. legislative prohibitions on FMF. Portillo appeared to accept this answer and was aware that the FRG caucus is busy on such an asset forfeiture bill. The Ambassador told Portillo that we have received a report of testimony taken by MINUGUA to the effect that Guatemalan police illegally detained and tortured two individuals to extract information that led to the March 6 drug bust (ref b). The Ambassador said such actions, if true (and he noted that we are checking) are totally unacceptable. They would be, moreover, extremely prejudicial to Guatemala's possibilities for re-certification, as one of the most damaging charges against Guatemala last year was the anti-drug police conduct at Chocon. The Ambassador also noted that, in this instance, it is possible that military intelligence, not police, were responsible -- all the worse,

if true, the Ambassador said, repeating that this has to stop immediately. Portillo said he would find out immediately and make sure it stopped. He said he had already fired one military intelligence official for a misguided effort to push anti-drug efforts forward (note: which takes credit for our/our insistence that this official be removed, but the Ambassador led that point pass).
Article 98

16. (C) The Ambassador walked Portillo through this issue in some detail. Portillo was vaguely aware of it and promised to consult with FonMin Gutierrez and get back to us.

Labor Rights

17. (C) The Ambassador briefed Portillo on the AFL-CIO GSP labor petition, urging that he personally involve himself to push for rapid progress in the three areas of deficiency: lack of prosecution in cases of violence against labor leaders; a clogged system of labor justice, and the system's inability to force the re-hiring of illegally fired workers. Portillo is familiar with the most egregious case of fired workers (the Maria Lourdes finca case), said Labor Minister Moreira is pushing for reforms to the labor code that could clear up the backing of labor fines and other issues and pledged to push for more vigorous investigations.

"Eurobonds"

18. (C) Portillo as expected made a strong pitch for the USG not to oppose the placing of a bond issue that includes US\$63 million for a first payment of US\$225 compensation for wartime services rendered to each of some 250,000 ex-civilian patrol members. He seemed to accept the Ambassador's reply that, despite our deep misgivings over the appropriateness of such compensation, especially in an election year, we had not opposed the bond issue. Portillo spoke at some length and with some anxiety about the danger to public security and order that the so-called Ex-Pacs represent. He claimed that their ambitions and resentments have been egged on irresponsible elements in the ruling FRG, by the URNG (former guerrillas) and by the PAN (center-right, leading opposition) and that a march on Guatemala City, if they make one, could turn extremely violent. Hence the importance of buying them off.

The October Testimony

19. (C) At one point Portillo went off on a tear, prefaced only by "the spirit of candor that informs our discussions" to complain bitterly of State Department congressional testimony last October that he had links to organized crime. He seemed particularly hurt by the criticism of then A/S Reich, with whom he thought he had had a strong personal relationship. The Ambassador said we could understand how he felt, but what about financial contributions and his other ties to the Ortega Menaldo crime syndicate of ex-military officers? Indignant (or with a good show of indignation), Portillo responded with some heat that his entire campaign was funded by banker Francisco Alvarado Maldonado. Portillo pointed out that Alvarado is currently being prosecuted for the failure of his two banks, i.e., Portillo has not come to his aid despite the past political support. The Ambassador let the subject drop without giving any indication that we accept that reply at face value.

CONTIERRA

10. (C) Portillo assured the Ambassador that CONTIERRA, the government agency that seeks to resolve land tenure conflicts, would be funded and kept in operation (note: there has been doubt on this).

Leadership of Guatemalan tax authority

11. (C) The Ambassador told Portillo that the quality of performance at the Guatemalan tax authority (SAT) is deteriorating badly since Marco Tulio Abadio took over as Director in late 2002. All the donor countries and the IFI's are losing confidence in the SAT and are backing away from their programs of support. Portillo, showing no surprise, said he would take (unspecified) action. (Comment: Portillo picked the mercurial Abadio to serve as an attack dog against Portillo's private sector opponents. He has not been effective in his or other roles.)

April 10 meeting with the President

12. (C) Portillo understands that CAFTA is the only issue for discussion in the meeting between the President and the Central American presidents, though he equally understands that Cuba, Iraq and narcotics cooperation will come up in any side meetings with senior U.S. officials.

Comment

113. (C) Even on the subject of Eurobonds and Ortega Menaldo, this was a civil exchange and it is clear that earning re-certification and avoiding other blows to Guatemala's image is high on Portillo's agenda in his final months.
HAMILTON